

October 2, 2017

To the Board of Selectmen and the Citizens of Boxborough:

Attached for your review you will find information and options for the Board of Selectmen to determine whether there shall be a single tax rate for all classes of property within the Town for Fiscal Year 2018. This process is known as the adoption of a residential factor.

As Town Assessor, I am pleased to announce that the Commissioner of Revenue has certified values for Fiscal Year 2018. This was an Interim Year for Boxborough, meaning that property data was analyzed and adjusted as warranted per the real estate market in Calendar Year 2016.

The Commissioner of Revenue has certified that the locally assessed values of real and personal property in Boxborough represent full and fair cash valuation as of January 1, 2017 for Fiscal Year 2018. Values were approved by the Department of Revenue on August 24, 2017. The Board will recall that Fiscal 2016 was our last triennial certification. Boxborough will remain on the three-year schedule for revaluation one last time. Our next full certification year will be Fiscal 2019, and then we will move to the new five year cycle implemented through the Municipal Modernization Act.

The purpose of this Classification Hearing is to determine the percentage share of the tax levy that each property class will bear. The Board of Selectmen does not set the tax rate; rather, they vote whether to split the tax rate among property classes. The adopted percentage is then used by the Assessor to determine which proportion of the tax levy will be paid by each class of property and calculate the tax rate. Once a vote is taken, I will ask the Board to sign the LA-5 form, and also to grant me authorization to digitally sign the LA-5 form in the Division of Local Services Gateway program.

Pursuant to Massachusetts General Law, Chapter 40, Section 56, a classification hearing allows a community to have different tax rates for different classes of property, and allows the Board of Selectmen to make the decision as to whether or not to shift the tax burden from one class of property to another. The statute provides a maximum allowable portion of the tax levy to be borne by the commercial, industrial and personal property classes (CIP). In Boxborough, the maximum allowable shift is 150%. The CIP property classes account for 22.17% of our total tax base. If the full allowable shift is applied the CIP class would pay 33.26% of the levy (22.17×1.5). Boxborough has maintained a single tax rate since Fiscal Year 1986, at which time the CIP property classes made up 29% of the tax base.

Included in this packet, you will find information on historic rates and values for the Town of Boxborough, including various hypothetical scenarios for your consideration in whether or not to split the tax rate. I have also included a copy of the proposed Tax Rate Recapitulation Sheet that will be submitted to the Department of Revenue if the Board votes to maintain a singular tax rate, the Classification Tax Allocation (LA-5), and the Assessment Classification Report (LA-4).

GLOSSARY OF IMPORTANT TERMS

TERM	DEFINITION
<i>Levy</i>	The revenue a community can raise through real and personal property taxes
<i>Levy Limit / Maximum Allowable Levy</i>	The maximum amount a community can levy in a given year, equal to last year's levy limit plus 2.5% plus new growth plus debt exclusions or override, if applicable
<i>Levy Ceiling</i>	Equal to 2.5% of the total full and fair cash value of all taxable real and personal property in the community
<i>New Growth</i>	The increase in the tax base over last year due to new construction, parcel subdivisions, condo conversions and property renovations, but not due to revaluation or market changes; it is calculated by multiplying the increased assessed value by the prior year's tax rate for the property class
<i>Debt Exclusion</i>	A temporary increase to the levy limit for the payment of a specific debt service item over a specified period of time
<i>Capital Exclusion</i>	A temporary increase to the levy limit for the purpose of raising funds for specific capital projects
<i>Override</i>	A permanent increase to a community's levy limit
<i>Excess Levy Capacity</i>	The difference between the actual levy and the levy limit, and the amount a community could levy before needing an override
<i>Override Capacity</i>	The difference between the levy limit and the levy ceiling; the maximum amount by which a community may override its levy limit

TOWN OF BOXBOROUGH GENERAL DATA AND STATISTICS

The assessment date for Fiscal Year 2018 is January 1, 2017. New growth is calculated through June 30, 2017 per Section 40 of Chapter 653 of the Acts of 1989, which was accepted by Town Meeting vote on May 11, 1989.

Property Classifications

Class 1 – Residential

Class 2 – Open Space

Class 3 – Commercial

Class 4 – Industrial

Class 5 – Personal Property

Under a single tax rate, each class of property is taxed at the same rate per one thousand dollars of value. Under a split tax rate option, the residential rate is applied to residential and open space property, and the commercial rate is applied to commercial, industrial and personal property classes, which also include those forestry, agricultural/horticultural, and recreational properties classified under Chapters 61, 61A and 61B.

For Fiscal 2018, we have 18 properties classified as Forestry under Chapter 61, 21 properties classified as Agricultural/Horticultural under Chapter 61A, and 28 properties classified as Recreational under Chapter 61B.

There were no new houses or condominiums added to the tax base, but we gained 11 new house lots on which construction will likely progress over the course of the fiscal year.

Under the generous guidelines established by the Town, we granted 34 Statutory or CPA Exemptions in the amount of \$19,641.94, and 26 Senior Tax Work-off Abatements in the amount of \$11,570.05. We also granted 20 abatements on appeal in the total amount of \$13,824.33.

ADJUSTMENTS TO VALUE

PARCEL COUNT CHANGES

Parcel counts remained constant from Fiscal 2017 to 2018, except for the addition of eleven parcels that will be developed on the newly subdivided Taylor Farm Road.

TOWN-WIDE VALUATION CHANGES

Total (gross) changes to assessed values from Fiscal 2017 to 2018 are as follows:

- Single families up 2.404%
- Two-families up 3.332%
- Condominiums up 5.837%
- Apartments (4+ units) up 342.772%
- Commercial & Industrial down 0.84%
- Personal Property up 7.63%

These percentages take into account the original assessed value for Fiscal 2017, and do not reflect any adjustments attributed to market changes, abated values and growth.

THE REAL ESTATE MARKET

The real estate market in Boxborough saw significant changes during the 2016 calendar year, and forms the basis for values in Fiscal 2018. Below is a sales comparison for calendar years 2015, 2016 and 2017 (through August 31) which shows number of valid sales, average sale prices, market exposure, and price per square-foot for both single family properties and condominiums. A “valid” sale as it relates to assessment is one that is considered an arms-length transaction, involving a willing seller and buyer, reasonable exposure to the market, and no extenuating circumstances that would affect the sale price. You will note that the number of sales increased in each category, while average days on the market decreased from 2015 to 2016.

Single Family Home Sales

	# of Valid Sales	Average Days on Market	Average Sale Price	Average Price/SF
Fiscal 2017 (Calendar Year 2015)	49	56.86	\$617,645	\$252
Fiscal 2018 (Calendar Year 2016)	54	54.21	\$640,307	\$240
Fiscal 2019 (Calendar Year 2017) [Through 08/31/17]	39	58.32	\$652,907	\$253

Condominium Sales

	# of Valid Sales	Average Days on Market	Average Sale Price	Average Price/SF
Fiscal 2017 (Calendar Year 2015)	38	48.97	\$168,845	\$153
Fiscal 2018 (Calendar Year 2016)	39	30.87	\$153,594	\$166
Fiscal 2019 (Calendar Year 2017) [Through 08/31/17]	36	47.46	\$140,877	\$172

Sales remain steady, and they are ahead of last year’s numbers in terms of total sales at this point in the year, even though properties have a longer average market exposure. There have been increases in pricing for single family homes in calendar year 2017, and the condominium market remains strong. Sales occurring in 2017 will form the basis for analysis of values for Fiscal 2019.

For Fiscal 2018, Boxborough saw an overall increase in taxable value over Fiscal 2017 of 4.997%. The following charts represent the changes in total valuation by property class, including market adjustments and new growth:

CLASS 1 RESIDENTIAL

	ADJUSTED FISCAL 2017 VALUE	MARKET ADJUSTMENT	NEW GROWTH	FISCAL 2018 VALUE	VALUE CHANGE	PERCENTAGE CHANGE
SINGLE FAMILY	\$671,714,267	\$12,171,232	\$5,096,401	\$688,981,900	\$17,267,633	2.571%
CONDOMINIUM	\$103,905,619	\$6,021,500	\$123,100	\$110,050,219	\$6,144,600	5.914%
MULTI-FAMILY	\$13,338,100	\$3,925,000	\$22,957,700	\$40,220,800	\$26,882,700	201.548%
VACANT LAND	\$4,784,058	-\$276,658	\$2,339,200	\$6,846,600	\$2,062,542	43.113%

CLASS 3, 4, 5 COMMERCIAL, INDUSTRIAL, PERSONAL PROPERTY

	ADJUSTED FISCAL 2017 VALUE	MARKET ADJUSTMENT	NEW GROWTH	FISCAL 2018 VALUE	VALUE CHANGE	PERCENTAGE CHANGE
COMMERCIAL	\$81,296,173	(\$7,679,202)	\$541,057	\$74,158,028	(\$7,138,145)	-8.780%
INDUSTRIAL	\$124,597,990	\$4,850,590	\$390,500	\$129,839,080	\$5,241,090	4.206%
PERSONAL PROPERTY	\$38,367,652		\$7,351,372	\$41,295,021	\$2,927,369	7.630%

OVERALL CHANGE

	NET (ADJUSTED) FISCAL 2017 VALUE	MARKET ADJUSTMENT	NEW GROWTH	FISCAL 2018 VALUE	VALUE CHANGE	PERCENTAGE CHANGE
TOTAL TOWN	\$1,038,003,859	\$29,842,211	\$38,799,330	\$1,106,645,400	\$68,641,541	6.613%
	GROSS (UNADJUSTED) FISCAL 2017 VALUE	MARKET ADJUSTMENT	NEW GROWTH	FISCAL 2018 VALUE	VALUE CHANGE	PERCENTAGE CHANGE
TOTAL TOWN	\$1,053,976,024	\$13,870,046	\$38,799,330	\$1,106,645,400	\$52,669,376	4.997%

“Net Adjusted Fiscal 2017 Value” relates to the total value of the prior fiscal year after taking into account certain adjustments over the course of the year, such as conversions from one use to another and abatements processed. “Gross Unadjusted Fiscal 2017 Value” represents the total initially assessed.

“New Growth” is a term that applies to increases in assessed value that are not due to market adjustments. New Growth figures are reported to and approved by the Department of Revenue and are part of the calculation to determine our Maximum Allowable Levy.

LA-4 COMPARISON

The chart below shows the changes in the LA-4, which is the Department of Revenue form that shows detailed values by class.

		<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2017</i>	<i>FY 2018</i>	
<i>USE CODE</i>	<i>DESCRIPTION</i>	PARCEL COUNT	PARCEL COUNT	ASSESSED VALUE	ASSESSED VALUE	% CHANGE VALUE
101	SINGLE FAMILY	1,195	1,195	\$672,809,500	\$688,981,900	2.404%
102	CONDOMINIUM	812	812	\$103,980,519	\$110,050,219	5.837%
104	TWO FAMILY	12	12	\$5,549,300	\$5,734,200	3.332%
105	THREE FAMILY	0	0	\$0	\$0	0.000%
109	2 OR MORE RESIDENCES/1 LOT	2	2	\$1,035,500	\$1,080,500	4.346%
111-125	APARTMENTS 4+ UNITS	6	6	\$7,788,800	\$34,486,600	342.772%
130-132, 106	VACANT RESIDENTIAL LAND	127	136	\$5,160,800	\$6,846,600	32.665%
300-393	COMMERCIAL	80	78	\$80,336,862	\$73,375,368	-8.665%
400-452	INDUSTRIAL	44	46	\$124,597,990	\$129,839,080	4.206%
012-043	MIXED USE	19	19	\$13,490,248	\$14,173,252	5.063%
016-018, 601-899	CHAPTERLAND / MIXED USE CHAPTERLAND	68	68	\$858,853	\$782,660	-8.871%
501-508	PERSONAL PROPERTY	77	74	\$38,367,652	\$41,295,021	7.630%
TOTAL REAL & PERSONAL PROPERTY VALUE (TAXABLE)		2,445	2,448	\$1,053,976,024	\$1,106,645,400	4.997%
900-990	EXEMPT REAL ESTATE	161	172	\$108,729,400	\$108,318,300	-0.378%

VALUATION
AND
LEVY

TOWN OF BOXBOROUGH
HISTORIC ASSESSED VALUES BY CLASS

FISCAL YEAR	CLASS 1 RESIDENTIAL	CLASS 3 COMMERCIAL	CLASS 4 INDUSTRIAL	CLASS 5 PERSONAL PROPERTY	TAX RATE
2018	\$861,353,271	\$74,158,028	\$129,839,080	\$41,295,021	\$16.44
2017	\$809,814,667	\$81,195,715	\$124,597,990	\$38,367,652	\$16.81
2016	\$774,674,620	\$83,321,803	\$124,411,197	\$35,694,786	\$16.36
2015	\$739,270,008	\$74,982,861	\$129,891,560	\$32,854,874	\$16.64
2014	\$708,315,134	\$75,493,992	\$129,656,875	\$30,266,632	\$17.69
2013	\$711,136,122	\$77,494,492	\$126,975,375	\$29,343,438	\$17.69
2012	\$711,519,586	\$75,754,031	\$128,070,575	\$28,972,060	\$17.87
2011	\$716,783,627	\$74,329,816	\$129,915,715	\$22,556,930	\$17.38
2010	\$722,063,119	\$81,176,198	\$138,354,394	\$19,737,030	\$16.53
2009	\$784,289,120	\$90,390,037	\$145,949,404	\$18,360,190	\$14.84
2008	\$811,347,716	\$85,080,563	\$141,119,639	\$14,647,710	\$14.14
2007	\$796,389,798	\$80,697,358	\$141,013,607	\$9,994,460	\$13.87
2006	\$782,105,788	\$84,876,375	\$142,770,314	\$10,044,100	\$13.24
2005	\$708,686,571	\$80,829,539	\$128,815,714	\$8,866,140	\$13.10
2004	\$668,458,861	\$81,433,421	\$123,734,762	\$8,577,870	\$13.32

Based upon a residential factor of one (a single tax rate), the anticipated Fiscal 2018 tax rate would be \$16.44 per \$1,000 of value, a decrease of \$0.37.

**TOWN OF BOXBOROUGH
PROPERTY TAX LEVY**

TAX RATE RECAPITULATION

The levy is the amount of money a community can raise through taxation after all other revenue sources are accounted for. The following chart shows the historic assessments, levies, and tax rates for the Town of Boxborough.

FISCAL YEAR	AVERAGE SINGLE FAMILY HOME TAX BILL	% CHANGE FROM PREVIOUS YEAR	AVERAGE SINGLE FAMILY ASSESSMENT	TOTAL VALUE ALL PROPERTY	TAX LEVY	TAX RATE
2018	\$9,477	0.14%	\$576,600	\$1,106,645,400	\$18,193,250	\$16.44
2017	\$9,464	5.38%	\$563,020	\$1,053,976,024	\$17,715,395	\$16.81
2016	\$8,981	1.50%	\$548,990	\$1,018,102,406	\$16,648,839	\$16.36
2015	\$8,848	-1.02%	\$531,400	\$976,999,303	\$16,253,518	\$16.65
2014	\$8,939	-0.92%	\$505,250	\$940,732,633	\$16,641,560	\$17.69
2013	\$9,022	-0.64%	\$510,000	\$944,949,427	\$16,719,808	\$17.69
2012	\$9,080	2.96%	\$508,136	\$944,316,252	\$16,875,732	\$17.87
2011	\$8,819	5.38%	\$507,184	\$943,586,088	\$16,403,457	\$17.38
2010	\$8,369	3.31%	\$506,349	\$961,330,741	\$15,894,409	\$16.53
2009	\$8,101	1.29%	\$545,872	\$1,038,988,751	\$15,418,593	\$14.84
2008	\$7,998	3.72%	\$565,637	\$1,052,195,628	\$14,878,046	\$14.14
2007	\$7,711	5.62%	\$554,000	\$1,028,095,223	\$14,259,680	\$13.87
2006	\$7,301	9.62%	\$551,921	\$1,109,796,577	\$13,502,106	\$13.24
2005	\$6,660	2.92%	\$508,396	\$927,197,964	\$12,146,293	\$13.10
2004	\$6,471	3.72%	\$485,810	\$882,204,914	\$11,733,325	\$13.32

The average single family tax bill will see a slight increase this year over Fiscal 2017, due to the higher levy combined with the increase in values. However, the construction of the Paddock Estates project added considerable value to the tax base this year, and will do so again for Fiscal 2019. The expected increase in overall valuation will allow additional flexibility when determining the levy. Also, while the average value has increased by 2.41%, the average bill will increase by 0.14%.

WHO SETS THE TAX RATE?

The question often arises of how the tax rate is calculated. Contrary to one school of thought, neither the Selectmen nor the Assessor can arbitrarily raise or lower a tax rate in order to increase disbursements. Spending is determined and approved by every resident who chooses to attend and vote at Town Meeting, creating a budget that needs to be funded. The amount required to be raised through taxation to meet the needs of the approved budget is called the levy. There is a limit to the amount of money that can be levied in any given year, based on the prior year's levy limit, new growth, and any voted overrides and exclusions.

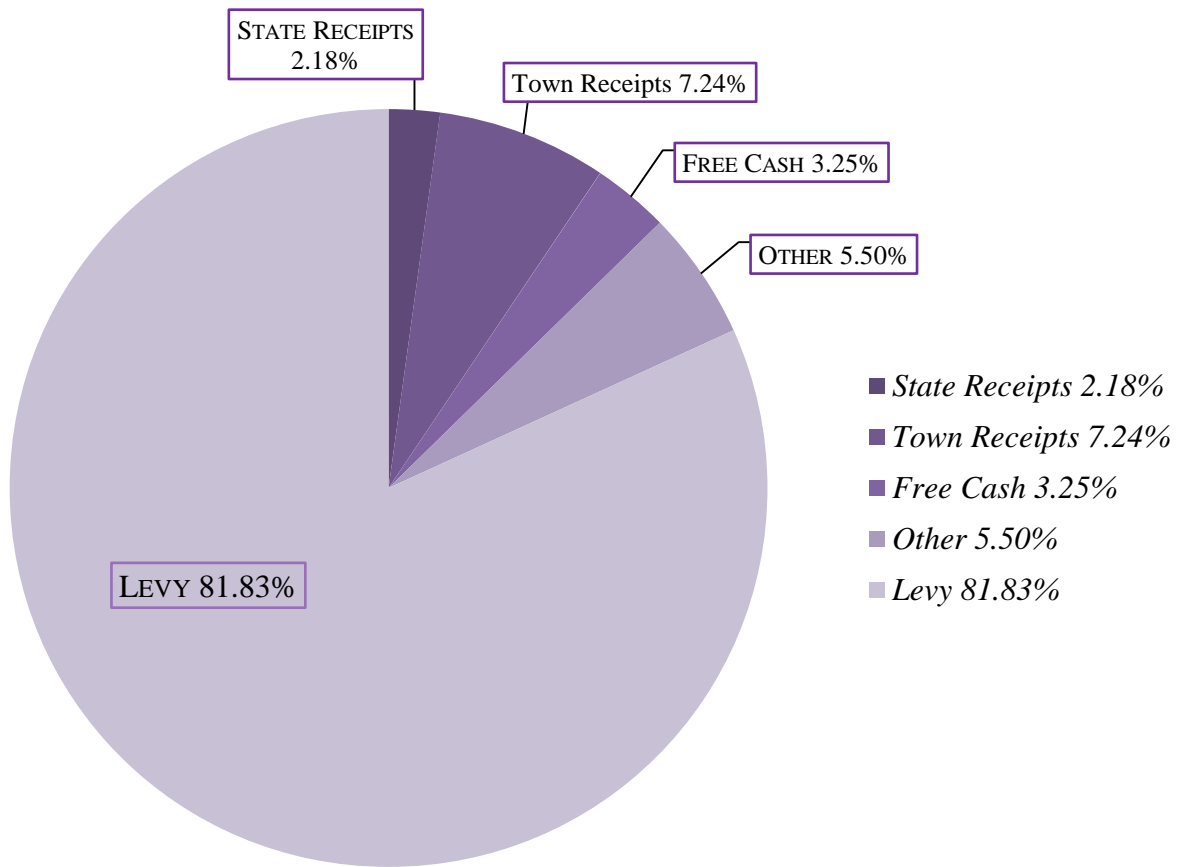
Values are established by the Assessor and approved by the Department of Revenue after extensive review. Calculation of the tax rate is then a mathematical equation of dividing the total amount required to meet the levy by the total assessed value of all taxable property in Boxborough. Essentially, voting residents determine the amount they want to spend, and the Assessor simply divides that total equally among all properties based on their value.

The following pages illustrate the determination of the levy, the levy limit, and the tax rate, as well as how the overall value of property in Boxborough affects taxes.

DETERMINING THE LEVY

		% OF TOTAL \$\$ NEEDED	MONEY COMES FROM:
HOW MUCH MONEY DO WE NEED (Total Town Budget)?	\$22,228,611		Budget and other articles approved by voters at Town Meeting
OTHER SOURCES OF REVENUE (BESIDES TAXES)			
State Receipts	\$483,989	2.18%	School distribution, lottery apportionment, etc., less Cherry sheet assessment
Town Receipts	\$1,610,000	7.24%	Motor vehicle excise tax, permit fees, etc.
Free Cash	\$723,040	3.25%	Savings
Other	<u>\$1,222,700</u>	5.50%	Stabilization Fund, Overlay Surplus, Unexpended funds from prior year, Amount to be borrowed
HOW MUCH REMAINS TO BE COLLECTED FROM TAXPAYERS?	\$18,193,250	<u>81.83%</u>	[77.83% residential, 6.71% commercial, 11.73% industrial, 3.73% personal property]
		100.00%	

Determining the Levy



Levy Limit Calculation

TO CALCULATE THE FY2018 LEVY LIMIT

A.	FY2017 Levy Limit	\$19,188,090	
A1.	ADD Amended FY2017 Growth	\$0	
B.	CALCULATE (A + A1) x 2.5%	\$479,702	
C.	ADD FY2018 New Growth	\$652,217	
D.	ADD FY2018 Override	\$0	
E.	FY2018 Subtotal	\$20,320,009	
F.	FY2018 Levy Ceiling (Total assessed value x 2.5%)	\$27,666,135	\$20,320,009
			FY2018 Levy Limit

TO CALCULATE THE FY2017 MAXIMUM ALLOWABLE LEVY

A.	FY2018 Levy Limit	\$20,320,009	
B.	FY2018 Debt Exclusion(s)	\$538,229	
C.	FY2018 Capital Expenditure Exclusion(s)	\$0	
D.	FY2018 Stabilization Fund Override	\$0	
E.	FY2018 Other Adjustment	\$0	
F.	FY2018 Water/Sewer	\$0	
G.	FY2018 Maximum Allowable Levy	\$20,858,238	\$20,858,238
			FY2018 Maximum Levy

Maximum Allowable Levy

The maximum allowable levy for Fiscal Year 2018 is \$20,858,238

The actual levy for Fiscal Year 2018 is \$18,193,250

The excess levy capacity is \$2,664,988

The override capacity is \$7,346,126

SETTING THE TAX RATE

The tax rate is derived from a mathematical equation involving the total taxable value in the community, as certified by the Department of Revenue, and the total amount of the levy as required through the vote of the community at Town Meeting.

Total Levy Required		Total Taxable Value		Result		Tax Rate
\$ 18,193,250	÷	\$ 1,106,645,400	=	\$0.01644	x 1,000	\$16.44

A property's overall tax burden is affected more by the levy than the value. Below is a chart showing how overall property assessment correlates to the average tax bill.

		<i>Amount to be raised by taxation (constant)</i>		<i>Total Assessed Value</i>	<i>Tax rate / 1000</i>	<i>Home Value</i>			<i>TAX BILL</i>
HOW IS THE TAX RATE SET?	Current (FY2018)	\$18,193,250	DIVIDED BY	\$1,106,645,400	\$16.44	\$500,000.00	500,000 x .01644	=	\$8,220

WHAT IF PROPERTY VALUES GO UP?	30% increase in valuation	\$18,193,250	DIVIDED BY	\$1,438,639,020	\$12.64	\$650,000.00	650,000 x .01264	=	\$8,216
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WHAT IF PROPERTY VALUES GO DOWN?	30% decrease in value	\$18,193,250	DIVIDED BY	\$774,651,780	\$23.48	\$350,000.00	350,000 x .02348	=	\$8,218
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IF	TOTAL AMOUNT TO BE RAISED REMAINS CONSTANT, AND ALL PROPERTY APPRECIATES AT THE SAME RATE
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THEN	TAX BILL ESSENTIALLY STAYS THE SAME
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SPLITTING THE TAX RATE

TOWN OF BOXBOROUGH

RELATIONSHIP OF CLASS VALUES

This chart shows the historic relationship of values between classes of property in Boxborough. The ratio of Residential to Commercial/ Industrial/ Personal Property has remained fairly constant in the last five fiscal years. A general rule-of-thumb when contemplating a split in the tax rate is to consider a split when the CIP properties hold **more** than 25% of the total value of a municipality.

FISCAL YEAR	RESIDENTIAL/OPEN SPACE Class 1	COMM/IND/PERS PROP Class 3, 4, 5	TOTALS
<i>2018</i>	<i>77.83%</i>	<i>22.17%</i>	<i>100.00%</i>
2017	76.83%	23.17%	100.00%
2016	76.09%	23.91%	100.00%
2015	75.67%	24.33%	100.00%
2014	74.98%	25.02%	100.00%
2013	75.25%	24.75%	100.00%
2012	75.35%	24.65%	100.00%
2011	75.96%	24.04%	100.00%

This hearing requires a vote on the adoption of a residential factor pursuant to Massachusetts General Law Chapter 40 § 56.

Below are options to consider for the residential factor and the accompanying tax rate implications. The tax burden CIP shift can be up to 150%. Last year, the question was raised as to what the shift would be to keep the average single family tax bill the same as last year, so that additional calculation has been included as well.

FISCAL YEAR 2018 TAX RATE OPTIONS

<u>Single Tax Rate - Residential Factor of 1</u>		
	TAX RATE	
		\$16.44
Average Single Family House Value		\$576,600
Average Single Family Tax Bill		\$9,477
Average Commercial/Industrial Value		\$1,062,485
Average Commercial/Industrial Tax Bill		\$17,467

<u>Split Rate with CIP Shift of 1.05 - Residential Factor of 98.5761</u>		
	TAX RATE	
		RESIDENTIAL \$16.20
		CIP \$17.26
Average Single Family House Value		\$576,600
Average Single Family Tax Bill		\$9,341
Average Residential Savings		\$136
Average Commercial/Industrial Value		\$1,062,485
Average Commercial/Industrial Tax Bill		\$18,338
Average Commercial/Industrial Increase		\$871

<u>Split Rate with CIP Shift of 1.10 - Residential Factor of 97.1522</u>		
	TAX RATE	
		RESIDENTIAL \$15.97
		CIP \$18.08
Average Single Family House Value		\$576,600
Average Single Family Tax Bill		\$9,208
Average Residential Savings		\$269
Average Commercial/Industrial Value		\$1,062,485
Average Commercial/Industrial Tax Bill		\$19,210
Average Commercial/Industrial Increase		\$1,742

Split Rate with CIP Shift of 1.30 - Residential Factor of 91.4567

TAX RATE		RESIDENTIAL \$15.03
		CIP \$21.37
Average Single Family House Value		\$576,600
Average Single Family Tax Bill		\$8,666
Average Residential Savings		\$811
Average Commercial/Industrial Value		\$1,062,485
Average Commercial/Industrial Tax Bill		\$22,705
Average Commercial/Industrial Increase		\$5,238

Split Rate with CIP Shift of 1.50 - Residential Factor of 85.7612

TAX RATE		RESIDENTIAL \$14.10
		CIP \$24.65
Average Single Family House Value		\$576,600
Average Single Family Tax Bill		\$8,130
Average Residential Savings		\$1,347
Average Commercial/Industrial Value		\$1,062,485
Average Commercial/Industrial Tax Bill		\$26,190
Average Commercial/Industrial Increase		\$8,723

Split Rate with CIP Shift of 1.005 - Residential Factor of 99.8576

TAX RATE		RESIDENTIAL \$16.40
		CIP \$16.56
Average Single Family House Value		\$576,600
Average Single Family Tax Bill		\$9,462
Average Residential Savings		\$15
Average Commercial/Industrial Value		\$1,062,485
Average Commercial/Industrial Tax Bill		\$17,552.25
Average Commercial/Industrial Increase		\$85

SPLIT RATE TAX IMPLICATION

With the ratio of Residential to Commercial/Industrial properties in Boxborough being roughly 3:1 (78% Residential to 22% Commercial/Industrial/Personal Property), it is important to note that for every dollar saved by the Residential taxpayer, CIP taxpayers will pay an additional three dollars in tax. Depending on the rate of the shift, the average Residential taxpayer would save between \$136.00 and \$1,347.00, while the average CIP taxpayer would pay an additional \$871.00 to \$8,723.00. In order to keep the average single family tax bill the same as it was in Fiscal 2017, a shift of 1.005 would be instituted, requiring an additional \$85.00 from the average commercial/industrial taxpayer.

The adoption of a Residential Factor is strictly a policy decision, which is why it rests with the elected policy makers. While it would be helpful for all concerned parties to know the long-range repercussions of splitting the tax rate, no such tool exists. Communities in Massachusetts that have a split rate have maintained that custom for several years, or even decades. The decision before the Board is how they wish to regard the commercial and industrial taxpayers that have chosen to establish their businesses here at this time. It is impossible to predict whether businesses will relocate from Boxborough if they are taxed at a higher rate. However, it is worth noting that a shift in the taxes payable by local businesses will not necessarily remain in a vacuum. The added expense will likely be assumed by local consumers as it is passed on to the rest of the community through higher prices. *In addition, in utilizing the standard income approach to valuing commercial and industrial property, higher taxes increase the total expenses and thereby reduce the value of these properties in subsequent years. The argument can be made that the benefit reaped by residential taxpayers will be negated in future years by lower overall values within the Town.*

Below is a list of the Top Fifteen Taxpayers in Boxborough. With the exception of Jefferson at Beaver Brook, LLC, these taxpayers are all commercial or industrial entities, and would bear the burden of significantly higher taxes if the rate is split.

Owner	Type	Value	Tax	% of Total
Cisco Systems, Inc.	RE	\$ 79,799,300	\$1,311,900	7.211%
Jefferson at Beaver Brook LLC	RE	\$ 32,030,100	\$526,575	3.039%
Piedmont Operational Partnership LP	RE	\$ 17,408,100	\$286,189	1.652%
Jumbo Capital Management LLC	RE	\$ 16,176,200	\$265,937	1.535%
Piedmont 80 Central LLC	RE	\$ 13,074,700	\$214,948	1.241%
Lightower Fiber Networks LLC	PP	\$ 12,663,822	\$208,193	1.202%
Billchelm Realty LLC	RE	\$ 7,668,500	\$126,070	0.728%
Boxborough Hospitality LLC	RE	\$ 7,160,300	\$117,715	0.679%
85 Swanson Road, LLC	RE	\$ 6,221,000	\$102,273	0.590%
Billchelm Realty 70, LLC	RE	\$ 5,167,100	\$84,947	0.490%
NTS Technical Systems, Inc.	PP	\$ 5,015,050	\$82,447	0.476%
Drake G. Behrakis	RE	\$ 4,604,200	\$75,693	0.437%
Intertek Testing Services	PP	\$ 4,178,261	\$68,691	0.396%
Advanced Microdevices Inc.	PP	\$ 4,080,602	\$67,085	0.387%
MCLW, LLC	RE	\$ 3,264,200	\$53,663	0.310%
TOTALS		\$218,511,435	\$3,592,327.99	
PERCENTAGE OF WHOLE		19.75%	19.75%	

COMPARISON OF NEIGHBORING COMMUNITIES

In comparing the Town of Boxborough with each of its immediate neighbors, the Selectmen and the citizenry through Town Meeting, have historically not spent to the allowable levy limit. This practice has enabled the Town to maintain necessary services while not seeing a large jump in the average single family tax bill over the past several fiscal years. The following charts illustrate the number of single family homes, the average value, tax rates, the average tax bill on a single family home, and the excess levy capacity for each fiscal year for our bordering communities, as well as statewide averages. Comparatively speaking, the Town of Boxborough average tax bills have remained fairly static.

BOXBOROUGH						
FISCAL YEAR	# SINGLE FAMILY HOMES	AVERAGE SINGLE FAMILY VALUE	% CHANGE	TAX RATE	AVERAGE SINGLE FAMILY TAX BILL	% CHANGE
2012	1,172	\$508,136		\$17.87	\$9,080	
2013	1,174	\$509,984	0.36%	\$17.69	\$9,022	-0.64%
2014	1,175	\$505,250	-0.93%	\$17.69	\$8,938	-0.93%
2015	1,179	\$531,407	5.12%	\$16.65	\$8,848	-1.01%
2016	1,188	\$548,990	3.31%	\$16.36	\$8,981	1.50%
2017	1,195	\$563,021	2.56%	\$16.81	\$9,464	5.38%
ACTON						
FISCAL YEAR	# SINGLE FAMILY HOMES	AVERAGE SINGLE FAMILY VALUE	% CHANGE	TAX RATE	AVERAGE SINGLE FAMILY TAX BILL	% CHANGE
2012	4,889	\$499,163		\$18.55	\$9,259	
2013	4,906	\$505,237	1.22%	\$19.10	\$9,650	4.22%
2014	4,916	\$505,494	0.05%	\$19.45	\$9,832	1.89%
2015	4,923	\$531,639	5.17%	\$19.05	\$10,128	3.01%
2016	4,939	\$539,896	1.55%	\$19.23	\$10,382	2.51%
2017	4,948	\$561,186	3.94%	\$19.06	\$10,696	3.02%
HARVARD						
FISCAL YEAR	# SINGLE FAMILY HOMES	AVERAGE SINGLE FAMILY VALUE	% CHANGE	TAX RATE	AVERAGE SINGLE FAMILY TAX BILL	% CHANGE
2012	1,666	\$545,679		\$16.24	\$8,862	
2013	1,667	\$547,036	0.25%	\$16.68	\$9,125	2.97%
2014	1,680	\$546,598	-0.08%	\$17.09	\$9,341	2.37%
2015	1,759	\$522,835	-4.35%	\$17.79	\$9,301	-0.43%
2016	1,756	\$531,669	1.69%	\$18.05	\$9,597	3.18%
2017	1,685	\$563,315	5.95%	\$18.10	\$10,196	6.24%

LITTLETON						
FISCAL YEAR	# SINGLE FAMILY HOMES	AVERAGE SINGLE FAMILY VALUE	% CHANGE	TAX RATE	AVERAGE SINGLE FAMILY TAX BILL	% CHANGE
2012	2,827	\$370,625		\$16.08	\$5,960	
2013	2,838	\$366,412	-1.14%	\$16.98	\$6,222	4.40%
2014	2,863	\$367,397	0.27%	\$17.41	\$6,396	2.80%
2015	2,870	\$371,489	1.11%	\$18.10	\$6,724	5.13%
2016	2,896	\$395,635	6.50%	\$17.69	\$6,999	4.09%
2017	2,919	\$401,565	1.50%	\$18.18	\$7,288	4.13%
STOW						
FISCAL YEAR	# SINGLE FAMILY HOMES	AVERAGE SINGLE FAMILY VALUE	% CHANGE	TAX RATE	AVERAGE SINGLE FAMILY TAX BILL	% CHANGE
2012	2,057	\$429,156		\$17.90	\$7,682	
2013	2,055	\$423,931	-1.22%	\$18.37	\$7,788	1.38%
2014	2,047	\$424,668	0.17%	\$19.17	\$8,141	4.53%
2015	2,075	\$428,160	0.82%	\$19.98	\$8,555	5.09%
2016	2,078	\$442,300	3.30%	\$19.98	\$8,837	3.30%
2017	2,081	\$449,301	1.58%	\$20.59	\$9,251	4.68%

FY 2017				
TOWN	# SINGLE FAMILY HOMES	AVERAGE SINGLE FAMILY VALUE	TAX RATE	AVERAGE SINGLE FAMILY TAX BILL
BOXBOROUGH	1,195	\$563,021	\$16.81	\$9,464
ACTON	4,948	\$561,186	\$19.06	\$10,696
HARVARD	1,685	\$563,315	\$18.10	\$10,196
LITTLETON	2,919	\$401,565	\$18.15	\$7,288
STOW	2,081	\$449,301	\$20.59	\$9,251

<i>BOXBOROUGH</i>	
FISCAL YEAR	EXCESS LEVY CAPACITY
2012	\$74,693.00
2013	\$666,455.00
2014	\$1,266,773.00
2015	\$2,208,855.00
2016	\$2,423,214.00
2017	\$2,052,828.00

<i>ACTON</i>	
FISCAL YEAR	EXCESS LEVY CAPACITY
2012	\$519,781.00
2013	\$15,623.00
2014	\$441,410.00
2015	\$985,069.00
2016	\$999,192.00
2017	\$989,953.00

<i>HARVARD</i>	
FISCAL YEAR	EXCESS LEVY CAPACITY
2012	\$2,894
2013	\$8,328
2014	\$3,710
2015	\$6,251
2016	\$7,142
2017	\$153,649

<i>LITTLETON</i>	
FISCAL YEAR	EXCESS LEVY CAPACITY
2012	\$2,660
2013	\$10,884
2014	\$10,208
2015	\$6,566
2016	\$28,047
2017	\$7,324

<i>STOW</i>	
FISCAL YEAR	EXCESS LEVY CAPACITY
2012	\$989,900
2013	\$1,488,481
2014	\$1,441,070
2015	\$1,164,016
2016	\$1,230,243
2017	\$1,082,011

This chart shows where Boxborough has stood in statewide ranking of the average single family tax bill since Fiscal 2005.

Single Family Tax History								
Fiscal Year	Single Family Assessed Values	Single Family Parcels	Single Family Average Value	Tax Rate	Avg Single Family Tax Bill	% Change	Change in Tax Amount	State Rank
2005	\$580,625,000	1,142	\$508,428	\$13.10	\$6,660			21
2006	\$637,469,100	1,155	\$551,921	\$13.24	\$7,307	9.71%	\$647	16
2007	\$645,975,300	1,166	\$554,010	\$13.87	\$7,684	5.16%	\$377	15
2008	\$656,705,700	1,161	\$565,638	\$14.14	\$7,998	4.09%	\$314	16
2009	\$636,487,100	1,166	\$545,872	\$14.84	\$8,101	1.29%	\$103	18
2010	\$590,909,600	1,167	\$506,349	\$16.53	\$8,370	3.32%	\$269	19
2011	\$594,419,900	1,172	\$507,184	\$17.38	\$8,815	5.32%	\$445	18
2012	\$595,535,800	1,172	\$508,136	\$17.87	\$9,080	3.01%	\$265	17
2013	\$598,721,000	1,174	\$509,984	\$17.69	\$9,022	-0.64%	-\$58	21
2014	\$593,668,200	1,175	\$505,250	\$17.69	\$8,938	-0.93%	-\$84	23
2015	\$626,528,700	1,179	\$531,407	\$16.65	\$8,848	-1.01%	-\$90	30
2016	\$652,200,700	1,188	\$548,990	\$16.36	\$8,981	1.50%	\$133	31
2017	\$672,809,500	1,195	\$563,020	\$16.81	\$9,464	5.38%	\$483	28
2018	\$688,981,900	1,195	\$576,600	\$16.44	\$9,477	0.13%	\$13	



AS I CONTINUE TO MOVE THROUGH MY FIFTH YEAR AS TOWN ASSESSOR IN BOXBOROUGH, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE BOARD OF SELECTMEN, THE TOWN ADMINISTRATOR AND THE REST OF THE STAFF AT TOWN HALL, AS WELL AS THE RESIDENTS, FOR CONTINUING TO PROVIDE A SUPPORTIVE WORK ENVIRONMENT THAT MAKES THIS A PLEASANT PLACE TO COME TO WORK EVERY DAY. I AM FORTUNATE TO BE ABLE TO MAKE THIS COMMUNITY MY PROFESSIONAL HOME.

THANK YOU!